

File

Montreal, October 30th 1968.

RE NEW HOSCO MINES LTD.

Dear Co-Shareholder:

Co-Shareholder beware!

The enclosed circular will tell you why, and by reading it, how, you will save yourself a good deal of money.

Possibly you have already signed a proxy in favour of the very people who will cause you a great loss of money through their manoeuvres in New Hosco Mines Ltd.

When you have read this circular, we are sure you will deem it wise to cancel said proxy and send a new one in the name of Boaz Miller, a member of the "New Hosco Protective Shareholders Committee" which was formed to combat what it considers these atrocities.

Because the deadline for the deposit of proxies with the Company in Toronto is 9 A.M. November 9th 1968, it is imperative that you return, by airmail, the enclosed proxy, to the following address:

Boaz Miller,
Room 770,
1253 McGill College Ave.,
Montreal, Quebec, Canada.



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/NewH0640_1968

RE NEW HOSCO MINES LTD.

You have no doubt received a document purporting to make full disclosure of all the steps taken by J.P. Sheridan and associates after their acquisition of substantial holdings in the Company.

The present statement of facts will indicate to you that not only were most of these steps taken illegally, but with the obvious attempt to benefit other companies, and or persons in whom Mr. J.P. Sheridan has the greatest interest, at the expense of our own corporation.

THE FOLLOWING CONSTITUTES A SHORT RESUME OF THESE FACTS

In June of 1968, J.P. Sheridan, through North Canadian Enterprises, a company wholly owned by his wife, Mrs. J.P. Sheridan, purchased at \$2.50 a share, the shares of the former president and directors of New Hosco Mines Ltd., conditional on their resigning in favour of a new board of directors, with Mr. Sheridan as president. It should be noted that four of the five new directors are associated with Mr. Sheridan in other companies that he controls, such as White Star Copper Mines Ltd., Belleterre Quebec Mines Ltd. and Kidd Copper Mines Ltd. Obviously this appointment of himself as president, and his associates as directors, was contrary to law, since the law provides that such creation of president and directors, can be effected only by a majority vote at a general meeting of shareholders duly and legally convened.

The stock purchased represented approximately 13% of the total stock issued by the company at that time. Note well that the previous board of directors were legally appointed by a majority of shareholders at their annual meeting held on November 29, 1967.

Mr. Sheridan and his directors proceeded to commit funds of the company into new ventures. He purchased from White Star and Belleterre Mines, for the New Hosco account, a portfolio of bonds at a cost of \$1,228,0181.00. This portfolio included \$667,000.00 of Kidd Copper Convertible Debentures, a company of which Mr. Sheridan is president. Please note item 6 of the brochure sent to you, under note 1, the admission that there is no established market price for the 6% Convertible Income Debentures due 1971 of Kidd Copper Mines.

It was disclosed at the October 15th meeting that Mr. Sheridan and his directors made their own evaluation of the above portfolio, and did not obtain an outside appraisal by competent authorities. They may be worthless, for all we know.

He then issued 800,000 shares from the New Hosco treasury and sold them to White Star Mines at \$1.50 per share. By this procedure, his holdings in the Company were increased to 31.82% from 13%, giving him greater working control. However, the importance of this transaction is indicated by the fact that although he himself, for his own benefit and advantage, paid \$2.50 for share, he sells the treasury stock to a company of his own, for \$1.00 less per share, thereby depriving the Company of \$800,000 and having his own company benefitting by the same \$800,000.00

The dissenting shareholders believe these transactions to be illegal, having been made with companies under the control of J.P. Sheridan et al and not at arms length. There are other transactions which were made without proper consultation and unfortunately, must be viewed with a great deal of suspicion.

Mr. Sheridan subsequently called the annual meeting for October 15, 1968. Although the circular was dated October 3, 1968, it was received, as one shareholder stated by wire to the company, only on October 9, 1968.

The circular stated that proxies would be valid only if received 48 hours before the October 15th meeting and excluding Saturdays, Sundays and holidays. The deadline therefore, was 9 o'clock October 10th 1968. This deadline not only precluded the possibility of study and consideration of same, but made it impossible for many shareholders throughout distant parts of Canada to return their proxies on time.

The dissenting shareholders are of the unalterable opinion that this meeting was illegally convened and constituted. They also contend that the annual report did not give full disclosure of the facts for the approval of same.

